



# INDIANA HARBOR BELT RAILROAD COMPANY

2721 – 161ST STREET, HAMMOND, IN 46323-1099

August 18, 2008

Mr. Richard F. Timmons, President  
American Short Line & Regional Railroad Association  
50 F Street, N.W. Suite 7020  
Washington, D.C. 20001-3442

Dear Mr. Timmons:

Kindly refer to your letter of July 29, 2008 addressed to Mr. Jim Roots, General Manager, Indiana Harbor Belt Railroad Company regarding railroad preparations for the remainder of the 2008 shipping season.

## Operational Plans:

The IHB remains confident that we can again meet the needs of our customers as long as our class one partners continues to move their freight off of the IHB in a timely manner. It is when one or more class ones fail to pull its freight traffic from the IHB that we see our first signs of congestion. The IHB is a little tighter on Engineers than we were last year at this time. However, we are in the process of hiring eight (8) qualified locomotive engineers and will have an additional eight (8) internal candidates that will begin training in early October. We currently are training additional Conductors and new hire trainmen that will meet our rate of attrition and short term future growth. We believe that our 2008 training programs will continue to provide additional qualified personnel necessary to meet the needs of our service requirements.

Our operating plan is complete and up to date. We have a morning conference call daily for the purpose of reviewing yesterday's problems and plan for the next 36 hours. Our operations center management communicates at least once every twelve-hour shift with all of our connections in the Chicago area. We also participate in a twice daily on a Chicago Terminal Coordination Office conference call with other railroads operating in the Chicago Terminal as part of our operating plan.

## Capital Related Information:

The 2008 Capital Plan for the IHB included a budget of nearly \$16,000,000 which was an increase of over \$5,000,000 versus 2007. Some \$ 5.8 million is being spent in 2008 on replacement rail, ties and ballast. An additional \$2.7 million is being spent on main line bridge replacements and \$4.4 million is being spent on other track related improvements. Our Blue Island Hump Yard Automation project is nearly complete with a final \$500,000 payment being made at completion to our supply vendor.



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Lastly, we are in the process of building a new facility (an additional 2008 Capital Project) for repairing our freight cars at our Blue Island Yard. This facility is a direct result of the impact and benefit that the **2008 Stimulus Package approved by Congress** had on the IHB. By year end IHB will invest another \$700,000 in Capital upgrading our repair facilities. This facility will be complete and in full service by December 31, 2008. When placed in service IHB will reduce bad order time for all of our repair cars while increasing efficiency and productivity.

### Customers:

The IHB has shared our operating plans with our customers. Our Customer Service center maintains daily dialog with our active customers and will continue to do so going forward. A large portion of IHB's intermediate business is found in our handling of our automotive business.

Here at the IHB we look forward to the challenges fall and winter bring upon our industry and we believe we are in excellent shape as we go forward. If anyone has any other questions please contact me via email at: [dave.nelson@ihbrr.com](mailto:dave.nelson@ihbrr.com) or via telephone which is: 708-334-9600.

Yours, truly,

D. H. Nelson  
General Superintendent - Operations